

“Problem and Constraints of Small Scale Industries in India”

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Abstract

Small Scale Industries play vital role in the development of economy mainly in developing countries. In a developing country like India the Small Scale Sector occupies a special place in the industrial structure. Therefore Government of India has given this sector an important place in the framework of Indian economic planning for ideological as well as economic reasons. Population of India is taken into consideration it can be said that this sector has a wide scope in India. As a result, Small Sector has achieved an impressive growth in the number of units and production over the last six decades after independence. Thus, in this research paper an effort has been made to identify the problems relating to the Indian Small Scale Industries and to know the prospects of Indian SSI.

Keyword: - Indian Small Scale Industries, Employment Generation and growth, Lack of machinery and equipment, Share in export.

Introduction:-

A Small Scale Industry is a Project or firm created on a small budget or for small group of people. A Small Scale Industry produces its goods using small produces goods meant for few people.

Small Scale Industries are easy to start and manage given the minimal scale of production. They are set up to cater for the basic needs of the people within their locality. An example of a SSI

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is a laundry or small kiosk created to cater to the individual needs of the people in the area in which it is located, these businesses require cheap labor that is easily found and their target market is the host community. Such companies also realize a small annual turnover and as a result, pay fewer taxes. The classification of the industry as large or small scale depends on the rate of production and the number of employees. An industry with a low rate of production and fewer employees is a Small Scale Industry.

Importance -

SSI is the backbone of the Indian economy. By considering the employment generation and export generation, the following are some of the importance of SSI:-

Easy to start an SSI which requires very less capital.

SSI contributes 45% of manufacturing output.

It creates nearly 6.5 crore employment.

Employs local people, particularly illiterate and semi-literate and reduces the regional imbalances.

Produces goods for downtrodden people, especially for those below the poverty line.

Problems and Constraints of SSI -

SSI suffers from the want of raw material, important components and equipment.

There is scarcity of technical skill and managerial ability in this sector, the organizers and artisans of the small enterprises lack proper knowledge of the modern technology and the marketing conditions.

This sector is naturally very weak in matter of finance. They are often to depend on indigenious and unscrupulous

money leader who charge very high rate of interest.

Product of these industry in spite of their originality are not often standardized and therefore, are not exposed to advertisement. There is a group of information between the producer and the prospective buyers.

Large scale Industries enjoy the economics of scale and are at the same time favored by the bureaucrats. The clearance of the applications of the smaller units often takes unduly long time.

Role of Government -

The Small Scale Industry sector output contributes almost 40% of the gross Industrial value added 45% of the total export from India and is the second largest employer of human resources after agriculture. The development of SSI has therefore been assigned an important role in India's national plans.

In order to protect support and promote small enterprises as also to help them become self-supporting, a number of protective and promotional measures have been undertaken by the government.

The promotional measures cover -

Industrial extension services.

Institutional support in respect of credit facilities.

Provision of developed sites of construction of sheds.

Provision of trading facilities.

Supply of machinery on hire-purchase terms.

Assistance for domestic marketing as well as exports.

Special incentives for setting up enterprises in backward areas etc.

Technical consultancy and financial assistance for

technological up gradation.

While most of the institutional support service and some incentive are provided by the central govt. others are offered by the state govt. in varying degrees to attract investments and promote small industries with a view to enhance industries production and to generate employment in their respective states.

Conclusion:-

The promotion of SSI is essential in developing economies like India to achieve equitable distribution of income and wealth economics self-dependence and entrepreneurial development, to empower the SSI sector to take its rightful place as the growth engine of Indian economy. It is necessary to support the MSME, educate and empower them to make optimum utilization of the resources, both human and economics, to achieve success, the SSIs need to be educated and informed of the latest developments taking place globally and helped to acquire skills necessary to keep pace with the global developments.

Reorientation in the attitude of the people of the state in general, the educated youths and capitalist class in particular is the urgent requirement for paving the way of industrialization in the state. It is an accepted fact that people with right altitude, total commitment and right conception can change the existing system. People of the state must give up the lure to earn easy money and sets their mind to take risk. They should learn from th past. We cannot deny that with “obsession over industrial liberalization” the crucial mother of employment creation has taken a backseat.

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